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STATE FOR WHA/BSC, INL/LP (JIM HIDES)  
EB/IFD/OIA  
STATE PASS TO USAID FOR LAC/AA  
STATE PASS TO USTR FOR LYANG  
NSC FOR SUE CRONIN  
TREASURY FOR OSIA MAUREEN WAFER  
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR  
COMMERCE FOR ITA SARAH COOK  
SOUTHCOM FOR POLAD

E.O. 12958: N/A

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SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE MARCH 31 -  
APRIL 13, 2007

11. (U) SUMMARY:

- Ambassador Inaugurates Anti-Drug Out Post
- Ambassador Donates Trucks to Customs
- Japanese Nationals Kidnapped
- Cabral Returns
- TIP: Lebanese-Paraguayan Accused of Trafficking

AMBASSADOR INAUGURATES ANTI-DRUG OUTPOST

12. (U) The Ambassador inaugurated April 11 the new National Anti-Narcotics Secretariat's (SENAD) helicopter hangar and canine facility, in the city of Pedro Juan Caballero (PJC), located in the Department of Amambay, on the Brazilian border. The INL-funded project is designed to provide SENAD a forward launch pad to conduct operational activities in the region where much of the drug trafficking in Paraguay occurs.

In his speech, the Ambassador challenged the GOP to provide the resources and demonstrate the political will necessary to succeed in its fight against narcotics trafficking.

AMBASSADOR DONATES TRUCKS TO CUSTOMS

13. (U) The Ambassador donated 24 trucks April 13 to the Paraguayan Ministry of Finance, principally for the Customs office, the tax service and the Ministry's investigative unit. Each of these institutions is working with USAID under its MCA Threshold Program. The event garnered more than 130 guests including President Nicanor Duarte Frutos, numerous cabinet members, international donors, officials from development agencies and other Latin American Ambassadors. Both the Ambassador and President Duarte remarked about the progress made thus far but underscored that much more needs to be done if Paraguay is to achieve the objective's of its ambitious institution building and anti-corruption program. President Duarte conceded there is widespread corruption in government but blamed the private sector for offering bribes in the first place.

JAPANESE NATIONALS KIDNAPPED

14. (SBU) Japanese nationals Hirokazu Ota and Sawako Takayama

were kidnapped April 1 near the city of Caaguazu, Paraguay -- 150 km east of Asuncion. Ota is the President of Victoria S.A. and the leader of the Unification Church in Paraguay, while Takayama is employed as Ota's secretary. Victoria S.A., a land management company, and the Unification Church are both associated with South Korean Reverend Sun Myung Moon. Reportedly, as Ota and Takayama were traveling from Ciudad del Este to Asuncion, their vehicle was stopped and they were kidnapped by unidentified individuals carrying M-16s and wearing bullet resistant vests. As the two Japanese nationals were being kidnapped, an off-duty local police officer and his girlfriend came upon the scene and were also kidnapped. Ransom requests for the release of Ota initially were reported to be as high as \$750,000. On April 10, 2007, Takayama was released unharmed. Ota and the two Paraguayan nationals remain in the custody of the kidnappers.

Local media reporting indicates that the ransom request has been lowered to approximately \$150,000 and that the release of the victims is expected within the next few days. This kidnapping has attracted international attention due to the involvement of the Japanese nationals and Japanese media representatives have arrived in Paraguay to report on the investigation. The April 1st kidnapping is reported to be the seventh kidnapping to occur in Paraguay, all of which appear to be financially motivated. Local police believe the same criminal gang is responsible for all of the kidnapping activity that has occurred this year but they don't really know.

#### CABRAL RETURNS

15. (SBU) On April 10, 2007, the Ministry of Interior announced that retired Comisario Principal Aristides Cabral has been named as a Special Security Advisor for the Alto

Parana Department as part of a major shake-up in Ciudad del Este police hierarchy in wake of rising crime/kidnapping wave there. Cabral was retired from the Paraguayan National Police in December 2006 after exhausting time in service without a promotion. He has previously been publicly accused by the U.S. Embassy of involvement in corruption with strong ties to narco-traffickers. He also has an apparently well deserved reputation for being ruthless -- shoot first, ask questions later. Attorney General Ruben Candia reports criminals involved in recent kidnappings are already on run and crossing border into Brazil out of fear of assault by Cabal and his cohorts. Cabral will report directly to the Minister of Interior, Rogelio Benitez, and will wield considerable authority over the local police commanders in Alto Parana. Press reports note that a number of criminals have shown up recently in CDE, shot at point blank range.

#### TIP: LEBANESE-PARAGUAYAN ACCUSED OF TRAFFICKING

16. (U) Interpol agents arrested Mohamad Ali Awala, a Lebanese-Paraguayan, April 3 for allegedly producing false documentation and trafficking more than 800 Paraguayan females to Spain for prostitution. Awala allegedly trafficked approximately 26 women per month for more than 4 years, according to Teresa Martinez, the lead prosecutor on TIP. Martinez also stated that Awala is detained in Tacumbu prison for a period of 6 months while the investigation gets under way.

#### CASON